

2016 REMUNERATION POLICIES AND PRACTICES REPORT

Report on the Remuneration Policy and Practices for employees covered
by the in Article L. 511-71 of the French Monetary and Financial Code
and pursuant to the European Commission's Delegated Regulation (EU)
No. 604/2014 of 4 March 2014

This report is drawn up in accordance with Article 450 of EU Regulation No. 575/2013 of 26 June 2013.

1. DESCRIPTION OF NATIXIS' REMUNERATION POLICY

Natixis' remuneration policy is a key factor in implementing its corporate strategy. It targets competitive remuneration levels with respect to its reference markets and is structured to encourage long-term employee commitment, while ensuring sound risks management. It reflects the individual as well as the collective performance of its business lines and employees.

Natixis regularly analyses the market context and compensation surveys carried out by external consultants, to ensure that its remuneration policy remains competitive and appropriate for each of its business lines.

The overall compensation of Natixis employees is structured around the following three components:

- fixed compensation, which reflects the expected skills, responsibilities and expertise for a particular position as well as the position's role and weight within the organization. It is determined in accordance with the specific features of each business line in its local market;
- variable compensation, awarded based on the Company's results and the achievement of predetermined quantitative and qualitative objectives;
- collective compensation associated with employee savings plans, especially in France.

All employees benefit from some or all of these different components based on their responsibilities, skills and performance. Natixis ensures a sufficient level of fixed pay to compensate its employees for their professional duties, based on their seniority and expertise.

2. DECISION-MAKING PROCESS SET UP TO DEFINE THE REMUNERATION POLICY

2.1. General principles

The corporate governance set up by Natixis provides for a complete review of its compensation policies and ensures they are implemented in compliance with the guidelines.

The policy is developed by the Human Resources Department, in collaboration with the business lines. It is reviewed each year and complies with the principles defined by the regulators as well as the social security and tax laws in force in Natixis' countries of operation.

The decision-making process involves multiple stages of approval by subsidiaries and business lines, business segments, human resources, senior management, and lastly the Board of Directors on the recommendation of the Compensation Committee.

The variable remuneration envelopes are set based on annual economic performance of activities after integration of the cost of risk, liquidity and capital and are consistent with Natixis' ability to fulfil its regulatory obligations in terms of capital.

When defining variable compensation pools and their distribution by activity, the economic factors mentioned above are taken into account, along with other qualitative analysis factors, including the practices of competing companies, the general market conditions in which results were obtained, factors liable to have temporarily affected the performance of the business line or stage of development of the related business lines.

Individual variable compensation awards are based on the achievement of individual quantitative and qualitative objectives set at the start of the year. As regards regulated persons and front-office employees in the Capital Markets division, the individual objectives systematically include obligations in terms of risk and compliance rules.

The remuneration policy for risk control and compliance staff, and in general for back-office staff, is based on their own targets, independently of the business lines whose operations they approve or monitor.

The Risk Department and the Compliance Department are involved in the regulated employees' identification process and in the determination of specific annual risk and compliance targets applied to regulated categories of staff, Front Office staff in the capital markets activities or the employees referred to by French Law No. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule").

The Risk Department and the Compliance Department are also involved in any decisions to reduce or forfeit deferred variable compensation components during the vesting period, in the event of behavior liable to expose Natixis to an unusual and material risk.

The remuneration policy is independently reviewed each year by the Internal Audit Department.

2.2 Composition and role of the Natixis Compensation Committee

During 2016, the Compensation Committee comprised six members.

As of March 1, 2017, those members were as follows:

Nicolas de Tavernost	Chairman
Alain Condaminas	Member
Alain Denizot	Member
Michel Grass <i>(position previously held by Philippe Sueur until February 9, 2017)</i>	Member
Anne Lalou	Member
Henri Proglio	Member

Three of the six members are independent (Ms. Lalou and Messrs. Proglio and de Tavernost). The number of independent directors on the Compensation Committee is not greater than half the total number of members, as recommended by the AFEP-Medef corporate governance code. It has a balanced composition (50% independent, 50% non-independent), and the Committee is chaired by an independent director.

- No change was made to the Compensation Committee in 2016.
- One change has been made to the Compensation Committee since January 1, 2017.

Director	Capacity	Date of change	Replaced by
Philippe Sueur	Member	02.09.2017	Michel Grass

The role of Natixis' Compensation Committee is to prepare the decisions that Natixis' Board of Directors issues with regard to compensation, including Natixis employees who have a significant impact on the Company's risk. The Compensation Committee's powers and operating procedures are detailed in the Internal Rules, the latest version of which was approved on February 9, 2017 by the Board of Directors.

The Compensation Committee is responsible for submitting proposals to Natixis' Board of Directors concerning:

- The level and terms of compensation paid to the Chairman of the Board of Directors of Natixis, including benefits in kind, pension plans and collective personal protection insurance, as well as the allocation of stock options or share purchases;
- The level and terms of compensation paid to the CEO and, where applicable, one or more Deputy CEOs, including benefits in kind, pension plans and collective personal protection insurance, as well as the allocation of stock options or share purchases;
- Rules for allocating directors' fees to Natixis' directors and the total amount submitted to a decision by Natixis' General Shareholders' Meeting;
- The compliance of the Natixis' remuneration policy with regulations, including for the category of staff addressed in the French Ministerial Order of November 3, 2014, as well as for employees addressed in French Law No. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule"), or regulated categories of staff within Asset Management activities (AIFMD) or insurance activities (Solvency II);
- The annual review of Natixis' remuneration policy, specifically those employee categories whose professional activities are like to have a significant impact on the risk profile of Natixis or the Group;

The Compensation Committee may have cause to review and issue an opinion on the insurance taken out by Natixis to cover its officers' liability.

The Compensation Committee reviews proposals related to the employee savings plan, including plans for a capital increase reserved for Natixis employees, and, where applicable, plans for a stock option subscription or purchase, or for an allocation of free shares to be submitted to the Board of Directors or the General Shareholders' Meeting for approval.

Natixis' CEO provides the Compensation Committee with any documents that may assist it in performing its duties and to ensure it is fully informed.

It confers with Natixis' Internal Control Departments or outside experts as appropriate.

Work of the Compensation Committee in 2016

The Compensation Committee met four times in fiscal year 2016. Its members' attendance rate was 100% for the year as a whole (identical to that of 2015).

Each director's attendance record for Compensation Committee meetings appears in Section 2.2 of the Natixis' 2016 Registration Document.

At least four days before each meeting, each director usually received via a secure website a file containing the items on the agenda in order to be able to review and analyze the topics addressed.

In 2016, the Committee focused on the following areas:

Executive corporate officers	<ul style="list-style-type: none"> • Determining the fixed compensation for the Chief Executive Officer for fiscal year 2016
Senior Management Committee members	<ul style="list-style-type: none"> • Determining the fixed compensation for the Chairman of the Board for fiscal year 2016 • Determining the variable compensation for the Chief Executive Officer for fiscal year 2015 and paid in 2016 • Define the criteria to be applied in calculating the variable compensation of the Chief Executive Officer for fiscal year 2016 • Consulting with shareholders on the individual compensation of executive corporate officers (« Say on pay ») • Review of agreements and commitments made on behalf of the Chief Executive Officer • Renewal of the principle of a the award of a long-term incentive plan for members of the Senior Management Committee • Analyzing the recommendations of the AFEF-Medef in terms of compensating directors
Directors' fees	<ul style="list-style-type: none"> • Reviewing the provisions on disbursing the directors' fees allocated to members of the Board
Compensation policy and regulations	<ul style="list-style-type: none"> • Reviewing the compliance of Natixis' remuneration policy with regulations, including for the "regulated population" addressed in the European CRD IV Directive of June 26, 2013, its enactment into the French law in the French Monetary and Financial Code by the Ordinance of February 20, 2014 and by the French Ministerial Decree and Order of November 3, 2014, and the Commission Delegated Regulation (EU) of March 4, 2014, as well as for employees addressed in French Law No. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule") or identified categories of staff within Asset Management activities (European AIFMD Directive) or insurance activities (European Solvency II Directive) • Reviewing Natixis' remuneration policy, including a review of the structure and the amounts of variable compensation by business line • Reviewing specific Risk and Compliance objectives (2015 review / 2016 objectives) • Analysing compensation awarded to the highest paid employees • Reviewing and monitoring the performance conditions applicable to deferred variable compensation and long-term incentive plans established within Natixis • Variable compensation budget and structure for the "regulated" population for fiscal years 2015 and 2016 • Analyzing the compensation of the heads of control functions • Policy on salary and professional equality
Employee savings and shareholding	<ul style="list-style-type: none"> • Presenting the existing employee savings plans at Natixis • Analyzing the procedures for the capital increase reserved for employees (Mauve 2016)
Other	<ul style="list-style-type: none"> • Report on the audit carried out by BPCE's Internal audit Department on the regulated categories of staff.

3. COMPENSATION OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON NATIXIS' RISK PROFILE (« REGULATED » CATEGORIES OF STAFF)

The remuneration policy applicable to Natixis' regulated employees is aligned with the general compensation principles adopted by Natixis and those set forth by Directive 2013/36/EU (CRD IV), enacted into French law in the French Monetary and Financial Code by the Ordinance of February 20, 2014 and the Ministerial Decree and Order of November 3, 2014. The scope of employees covered is defined in accordance with Delegated Regulation 604/2014 of March 4, 2014.

3.1 2016 scope of regulated categories of staff

Regulated categories of staff are identified either by applying qualitative criteria based on the employee's position, level of responsibility and authority to make material binding commitments on behalf of the bank in terms of credit or market risk, or based on the employee's total level of compensation for the previous fiscal year.

The employees in question are notified of their status.

Regulated categories of staff at Natixis during the 2016 fiscal year came to a total of 328 employees, including:

264 employees identified based on qualitative criteria:

- directors, i.e. **15** individuals;
- members of Natixis' Senior Management Committee, i.e. **11** individuals;
- key staff responsible for control functions (Internal Audit, Risk, Compliance) and other support functions who are not members of the management bodies listed above, i.e. **52** individuals;
- key staff responsible for major business lines and foreign operations (excluding Asset Management and Insurance) who have not already been identified based on the above criteria, i.e. **28** individuals;
- individuals with authority to take, approve or veto a decision on credit risk exposure and who are responsible for market risk exposure exceeding materiality thresholds established by regulations and who have not already been identified based on the above criteria, i.e. **158** individuals.

64 employees identified based on quantitative criteria:

Employees whose total gross compensation allocated during the previous fiscal year exceeded €500,000 or placed them among the 0.3% of the highest earning employees, and who have not already been identified using qualitative criteria.

The positions in question include senior bankers, employees of structured finance activities and, in capital markets activities, structured product engineers and heads of sales.

3.2 Remuneration policy applied to « regulated » categories of staff*

** The remuneration of the members of the Board of Directors and the CEO are detailed in Section 2 of the Natixis Registration Document.*

Natixis applies regulatory provisions governing compensation, such as those set forth by European CRD IV Directive of June 26, 2013, its transposition in the French Monetary and Financial Code by the Ordinance of February 20, 2014 and the Ministerial Decree and Order of November 3, 2014.

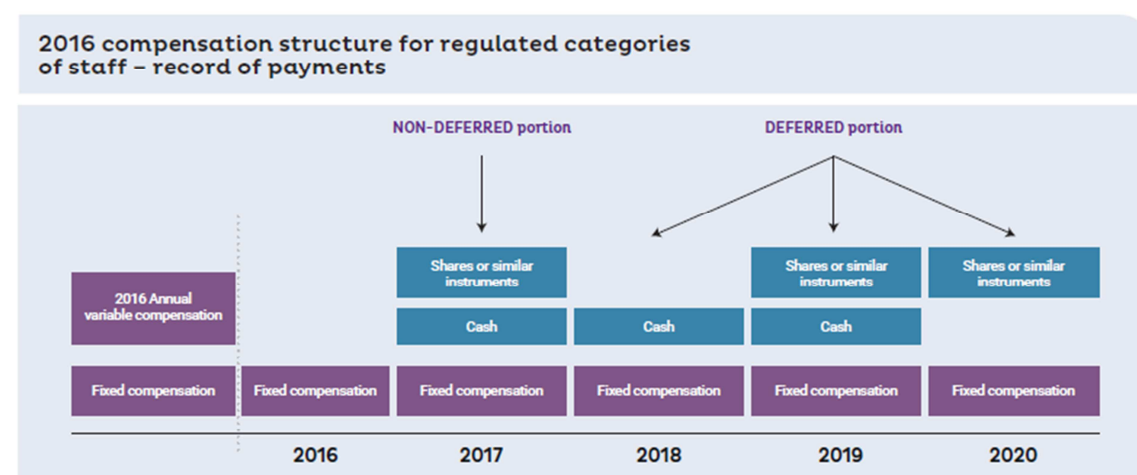
The compensation granted to members of the Board of Directors consists exclusively of directors' fees, the amount of which is predetermined. They do not receive variable compensation in respect of their corporate office.

For other “regulated” categories of staff, the amount and conditions of payment of variable compensation are submitted to the Compensation Committee, then validated by the Board of Directors.

Above a given threshold (€100k for the euro zone), payment of a fraction of variable compensation is subject to conditions and deferred over time. This payment is divided evenly over at least the three fiscal years following the year in which the variable compensation is awarded.

The deferred portion of the variable compensation awarded represents at least 40% of the variable compensation granted and 70% for those receiving the highest amounts of variable compensation. Variable compensation awarded in the form of shares or similar instruments represents 50% of variable compensation awarded to employees who are members of regulated categories of staff. This rule applies to both the deferred and conditional component of variable compensation awarded and the non-deferred portion of the variable compensation. The vesting period for this component of deferred variable compensation is supplemented by an additional holding period of six months.

The members of the Senior Management Committee are also eligible for performance share awards under long-term plans, the four-year vesting period of which is contingent on the relative performance of the Natixis share.



The vesting of deferred components of variable compensation is contingent on satisfying performance requirements linked to the results of the Company, and/or the business line, and/or the product line, and on Natixis' compliance with regulations on capital requirements. These conditions are clearly indicated when this compensation is awarded.

The components of deferred variable compensation may be canceled or eliminated during the vesting period, in the event of behavior liable to expose Natixis to an unusual and material risk.

Furthermore, regulated categories of staff, as well as Front Office employees in the capital markets activities, are specifically required to meet predetermined annual objectives in terms of risks and compliance: adherence to risk and compliance rules is systematically taken into consideration when awarding annual variable compensation.

Guaranteed variable compensation is not authorized, except when hiring outside Groupe BPCE. In such cases, the guarantee is strictly limited to one year.

All beneficiaries of deferred variable compensation are prohibited from using individual hedging or insurance strategies during both the vesting period and lock-up period.

Finally, the variable components granted to all regulated categories of staff comply with the rules governing caps on variable compensation relative to fixed compensation, as defined by regulations.

As a reminder, Directive 2013/36/EU ("CRD IV") caps the variable component at 100% of the fixed component of total compensation for regulated categories of staff, unless the General Shareholders' Meeting approves a higher percentage, which in any case may not exceed 200%. On May 19, 2015, Natixis' General Shareholders' Meeting capped the variable component at 200% of the fixed component of total compensation for regulated categories of staff.

This threshold allows Natixis to maintain the necessary flexibility between variable compensation and real performance, and to hire and retain employees by offering them competitive pay packages. In this respect, it should be noted that Natixis operates on highly specialized labor markets, both outside the European Economic Area where local operators are not subject to regulatory caps on variable compensation, and within the European financial community vis-à-vis financial operators unaffected by CRD IV. In 2016, 42% of "regulated" categories of staff received variable compensation ranging from 100% to 200% of their fixed compensation.

Finally, Natixis applies variable compensation governance mechanisms to the Front Office employees of its capital market activities, similar to those applied to regulated categories of staff (i.e. variable compensation partially deferred over three years and partial payment in shares or equivalent instruments), with the exception of the performance condition applicable to the deferred portion of compensation and the capping of variable compensation in relation to fixed compensation.

4. AGGREGATED QUANTITATIVE INFORMATION ON AWARDED COMPENSATION IN 2016

(Amounts in thousands of euros and excluding employer contributions and collective profit-sharing plans).

Awarded compensation Financial year 2016	Senior Management Committee	Board of Directors	Corporate & Investment Banking	Control functions	Other	Total
Number of employees	11	15	231	45	26	328
Fixed compensation	5 755,00	565,83	69 044,01	8 574,63	5 227,30	89 166,77
Variable compensation	8 628,79	-	74 391,13	5 225,11	4 159,99	92 405,02
Total compensation	14 383,79	565,83	143 435,13	13 799,74	9 387,29	181 571,78

	Directors & Senior Management Committee	Other	Total
Number of employees	26	302	328
Total compensation	14 949,63	166 622,16	181 571,78
- incl. fixed compensation	6 320,83	82 845,93	89 166,77
- incl. variable compensation	8 628,79	83 776,22	92 405,02
- incl. non deferred	3 996,81	44 879,75	48 876,55
- incl. cash	2 586,40	24 724,45	27 310,85
- incl. shares or equivalent instruments	1 410,40	20 155,30	21 565,70
- incl. other instruments	-	-	-
- incl. Deferred	4 631,99	38 896,48	43 528,46
- incl. cash	2 077,24	19 381,58	21 458,83
- incl. shares or equivalent instruments	2 554,74	19 514,90	22 069,64
- incl. other instruments	-	-	-
Unvested variable compensation	5 719,72	40 693,33	46 413,04
Deferred compensation paid	2 402,27	20 108,96	22 511,23
- Amount of reductions to deferred compensation	-	-	-

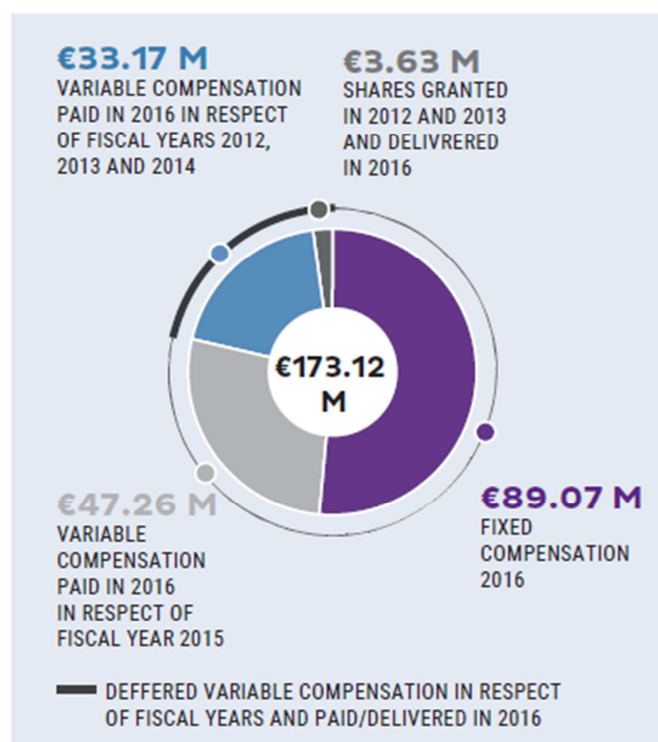
Severance payments paid	6 680,98
Number of beneficiaries	12

Amounts paid to new hires	694,49
Number of beneficiaries	2

In 2016, 29 “regulated” employees, out of which 52% out of France, benefited from a total compensation exceeding 1 million euros.

Total compensation	Number of employees
From 1 000 000 to 1 500 000 EUR	14
From 1 500 000 to 2 000 000 EUR	10
From 2 000 000 to 2 500 000 EUR	2
From 2 500 000 to 3 000 000 EUR	2
From 3 000 000 to 3 500 000 EUR	1
From 3 500 000 to 4 000 000 EUR	-
From 4 000 000 to 4 500 000 EUR	-
From 4 500 000 to 5 000 000 EUR	-

5. AGGREGATED QUANTITATIVE INFORMATION ON COMPENSATION PAID IN 2016



The amounts paid in 2016 for deferred payment related to the past three years variable compensation plan are different from amounts of variable compensation awarded for fiscal year 2016 due to the change in Natixis' share price.



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